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* The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present report.

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I. Organizational matters

1. The annual session 2007 of the Executive Board of UNDP and UNFPA was held at United Nations Headquarters, New York, from 11 to 22 June.

2. It agreed, in decision 2007/30, to the following schedule of future sessions of the Executive Board in 2007 and 2008:

Second regular session 2007:	10 to 14 September 2007
Election of Bureau for 2008:	11 January 2008
First regular session 2008:	21 to 24 January 2008
Annual session 2008:	2 to 13 June 2008 (Geneva)
Second regular session 2008:	8 to 12 September 2008

3. Before adoption of the report of the first regular session of the 2007 Executive Board (DP/2007/15), the President identified some corrections additional to those contained in DP/2007/15/Corr.1, which he asked to have reflected verbatim in the report of the annual session. The transcript of that statement follows:

> "I would like to draw your attention to the corrigendum distributed in connection with the report of the first regular session 2007, and to clarify several other issues that have risen in respect of the report.
>
> "The English version contains an error in the numbering of paragraphs 8 and 9; those numbers appear twice. Also, two consecutive paragraphs have been numbered 19. Those errors have been rectified in all the other language versions except Chinese.
>
> "I would also like to clarify that in paragraph 17, last sentence, the concept of enhanced monitoring and reporting at the country level is entirely separate from the integration of a human-rights based approach into the draft UNDP strategic plan. Those concepts were put forward by several, not all, delegations.
>
> "Finally, in paragraph 25, the statement that 'they agreed that core resource allocation should favour least developed and low-income countries' refers to an opinion expressed by several delegations, not to a decision of the Executive Board. Further, several — not all — delegations reminded the organization that it should work towards a human rights-based approach in its programmatic work."

4. Decisions adopted by the Executive Board at the annual session 2007 were included in document DP/2007/40, accessible at www.undp.org/execbrd.

UNFPA segment

II. Annual report of the Executive Director

5. The UNFPA segment began with the opening statement of the Executive Director (available at http://www.unfpa.org/exbrd/2007/2007_annual.htm). She focused on key issues in the areas of population, poverty and development; humanitarian response, recovery and transition; reproductive health, including addressing HIV/AIDS; gender equality and women's empowerment; United Nations

reform; the UNFPA financial situation; and accountability. She underscored UNFPA commitment to supporting national ownership and capacity development, including through national execution. She noted that the proposed universal access to reproductive health target on MDG 5, to improve maternal health, paved the way for further progress. The Executive Director thanked the top ten donors in 2007 — the Netherlands, Sweden, Norway, United Kingdom, Japan, Denmark, Finland, Germany, Canada and Switzerland — as well as other donors, including for multi-year pledges She expressed appreciation for the consistency and steadfastness of the Fund's number one donor, the Netherlands. She emphasized that the strategic plan, 2008-2011, and the global and regional programme built on lessons learned from the multi-year funding framework (MYFF), 2004-2007. She stressed that UNFPA continued to be firmly committed to South-South cooperation. She underscored that UNFPA would continue to support countries in developing capacity for disaggregated data collection and utilization.

6. Numerous delegations applauded the Executive Director's comprehensive and inspiring statement and expressed strong support for the work of UNFPA. They acknowledged the Fund's commitment to advancing the agenda of the International Conference on Population and Development (ICPD) and underscored that achieving the ICPD goals was essential for achieving the MDGs. Delegations were pleased to note the programme successes reported in the MYFF cumulative report, 2004-2007 (DP/FPA/2007/7, Part I). They welcomed the emphasis on results-based management and appreciated the candid analysis of lessons learned and challenges encountered. The Netherlands, Sweden and the United Kingdom announced contributions to UNFPA.

7. Commending UNFPA for advancing gender equality and women's empowerment, reproductive health and rights, delegations welcomed the inclusion of the proposed target to achieve universal access to reproductive health by 2015. Expressing concern that MDG 5, on maternal health, was lagging behind, delegations called for investments in sexual and reproductive health and the empowerment of women. Delegations were pleased to note UNFPA commitment to the "Three Ones" principles for addressing HIV/AIDS and were encouraged by the Fund's strong follow-up to the recommendations of the Global Task Team on HIV/AIDS coordination (GTT). It was suggested that a substantive discussion on the recent GTT review could be held at the first regular session 2008. Delegates underscored the need for stronger links between HIV/AIDS and reproductive health and rights. They welcomed the Fund's work in humanitarian response and recovery. They stated that UNFPA had a key role to play in emergencies/humanitarian crises in providing vital reproductive health services to women and girls and addressing sexual and gender-based violence. They welcomed the priority that UNFPA accorded to addressing adolescent reproductive health.

8. Delegations noted the Fund's significant investments in improving organizational effectiveness and strengthening management and accountability functions. They encouraged UNFPA to continue enhancing effectiveness and efficiency in programme delivery, particularly at the country level. They encouraged UNFPA to go beyond reporting on global averages to reporting on successes at country level. They acknowledged the reporting challenges pertaining to attribution and aggregation and emphasized the importance of monitoring results. Stressing the need for the strategic plan to reconcile with national programmes, several

delegations emphasized that there was no one-size-fits-all design that could be universally applied.

9. Noting the importance of human security, one delegation noted that UNFPA was one of its primary partners in mainstreaming human security and working towards the MDGs, including through improving reproductive health, making motherhood safer and promoting gender equality. The delegation welcomed UNFPA willingness to integrate mental health as part of sexual and reproductive health. Delegations underscored that maternal mortality could not be reduced unless unsafe abortion was addressed. They welcomed UNFPA advocacy and efforts regarding ending obstetric fistula and female genital mutilation/cutting. One delegation expressed concern regarding the harsh implementation of birth limitation laws in the Guangxi autonomous region in China. The delegation of China stated that the matter was being investigated and violators of the law would be brought to justice. The delegation of China emphasized that its country was committed to implementing the ICPD Programme of Action and was refining its population policies to be conducive to human development.

10. Delegations commended UNFPA commitment to United Nations reform and system-wide coherence. They welcomed the measures taken in line with the General Assembly resolution 59/250 on the triennial comprehensive policy review (TCPR), as well as UNFPA involvement in the "delivering as one" pilots. Delegations stressed that these presented opportunities for the ICPD agenda to be addressed by the entire United Nations family. Delegations welcomed the elaboration on different options regarding the organizational structure and the emphasis on strengthening the Fund's role at country level. A preference was expressed for scenario 3 of the organizational structure.

11. The Executive Director thanked the delegations for their supportive comments and emphasized that without universal access to reproductive health the MDGs could not be reached. She stressed the need to keep ICPD high on the international agenda. She thanked the delegations that had announced contributions. She was encouraged by the emerging consensus around scenario 3 of the organizational structure. She underscored the importance UNFPA attached to partnerships, including with the World Health Organization (WHO), the World Bank, the United Nations Children's Fund (UNICEF) and the International Planned Parenthood Federation. She appreciated having been invited by WHO to address the World Health Assembly in May. She provided information regarding the UNFPA response concerning the incident in China. She elaborated on the Fund's support to African countries to implement the Maputo Plan of Action. She concurred with Japan regarding human security, and noted that reproductive health was a cornerstone of work in that area. Concerning unsafe abortion, she stated that UNFPA was guided by paragraph 8.25 of the ICPD Programme of Action. She welcomed the suggestion to have a discussion on the GTT in 2008. She noted the ongoing work in the area of maternal health, including development of costing tools. She observed that the Fund's State of World Population report to be launched later in June focused on urbanization. She added that World Population Day 2007 would focus on men as partners in improving maternal health.

12. The Executive Board adopted decision 2007/16: UNFPA multi-year funding framework cumulative report, 2004-2007, and the UNFPA draft strategic plan,

2008-2011; and decision 2007/21: UNFPA multi-year funding framework cumulative report, 2004-2007, and related matters.

III. Funding commitments to UNFPA

13. The Chief, Resource Mobilization Branch, introduced the report on funding commitments to UNFPA (DP/FPA/2007/8) and provided an update of contributions as of 1 June 2007, noting that the 2007 UNFPA income forecast for regular resources was approximately $417 million (an increase of $8.1 million since the report had been prepared). He added that UNFPA was projecting about $130 million in other resources in 2007. However, in view of recent contributions received, the figure was likely to increase by the end of the year. He appreciated the generosity of the donor community. He stated that while obtaining increases in co-financing resources was important, regular resources remained the bedrock of UNFPA operations and were essential for maintaining the universality, neutrality and multilateralism of the Fund's work. The delegation of Spain announced that its 2007 contribution to UNFPA would be 5 million euros, which represented an increase of more than 50 per cent over its 2006 contribution. The delegation congratulated UNFPA on the increase in the Fund's income and the broadening of its donor base. The UNFPA Executive Director thanked the Government of Spain for its generous support and recalled her recent visit to Spain, which had helped to cement mutual confidence and trust.

14. The Executive Board adopted decision 2007/13: Report on funding commitments to UNFPA.

IV. UNFPA strategic plan, 2008-2011

15. The Deputy Executive Director (External Relations, United Nations Affairs and Management) introduced the agenda item. The Chief, Strategic Planning Office (SPO), the Director, Technical Support Division (TSD), and the Manager, Regionalization Team, made a presentation focusing on the strategic plan, 2008-2011; the global and regional programme, 2008-2011; the resource allocation system, 2008-2011; and the UNFPA organizational structure.

16. Delegations expressed strong appreciation for the positive dialogue between UNFPA and the Executive Board during the development of the draft strategic plan. They commended the open and transparent consultative process and stated that it had led to a strong results-oriented plan, which built on key lessons learned from the multi-year funding framework, 2004-2007, and reflected the guidance provided by Board members. Delegations noted that the participatory approach had led to a sense of ownership of the plan among Member States, particularly since UNFPA had taken into account their comments. Delegations endorsed the three focus areas of the strategic plan: reproductive health; population and development; and gender equality. They were pleased that UNFPA had been guided by General Assembly resolution 59/250 on the TCPR. Delegations welcomed the emphasis on national capacity-building, youth, and South-South cooperation. They hoped that the strategic plan would go further in addressing emerging issues such as migration, ageing and the environment.

17. Delegations appreciated the Fund's emphasis on partnerships and encouraged enhancing partnerships with other United Nations organizations, particularly with regard to HIV prevention and gender equality. They noted that linkages with WHO and the World Bank would be crucial to ensure an effective international health architecture. Delegations appreciated the Fund's work in humanitarian and emergency situations and suggested strengthening it under the new strategic plan. Some delegations inquired about the categorization of operational principles in the plan and noted that the real operational principles should be national ownership and capacity-building.

18. Delegations encouraged UNFPA to be agile in meeting the changes and challenges of United Nations reform in order to operate effectively in the new aid environment. They noted that "delivering as one" offered opportunities to better incorporate the ICPD agenda in national frameworks, programmes and budgets. Focusing on national ownership and management for development results, delegations encouraged UNFPA to enhance accountability and strengthen monitoring and evaluation systems. They emphasized establishing baselines, targets and indicators for effective monitoring and reporting and asked for details regarding the expected outputs under each goal, as well as concerning outcome indicators. Delegations encouraged UNFPA to enhance its work in addressing obstetric fistula and female genital mutilation/cutting. Noting the need to work more upstream in macro policy processes in the new aid environment, delegations asked what measures UNFPA had taken to ensure staff had the capacity and skills to work in the new environment.

19. Regarding the organizational structure, delegations expressed a preference for option 3 and noted their confidence in the Fund's analysis. They underscored their support for strengthening UNFPA at the country level and asked for clarification on how regional offices would contribute to strengthening country offices. They also sought clarification regarding the shift of resources from headquarters to the field, and inquired about the financial and staffing implications. They looked forward to further information in response to questions raised by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and additional details about the financial and staffing implications of the preferred option.

20. The Executive Director thanked the Executive Board members for the valuable advice and guidance provided to UNFPA throughout the consultative process on developing the strategic plan. She emphasized that the strategic plan would be implemented under national ownership and leadership. She underscored the value of the Fund's partnerships, including with the World Bank, WHO, UNICEF and other development partners. The Deputy Executive Director noted that UNFPA was guided by the TCPR with regard to coherence. Concerning the challenges of "delivering as one", she emphasized the need to focus on programmes and substance and not simply on processes; and the need to strike a balance between the "one programme" priorities and ensuring that ICPD issues remained on the agenda. Furthermore, she underscored the importance of engagement with line ministries, and the need to have staff with the required skills and competencies who would take reform processes on board. She added that the clear separation of the United Nations resident coordinator and the UNDP resident representative function was an acknowledged challenge that required further attention. The Director, TSD, the Chief, SPO, the Manager, Regionalization Team, and the Director, Division for Management Services, provided additional information in responding to queries

from Board members and noted that the comments would be included as appropriate in the revised document.

21. The Executive Board took an oral decision authorizing UNFPA to prepare its biennial support budget, 2008-2009, on the basis of scenario 3, contained in the review of the organizational structure of UNFPA (draft document dated 30 May 2007), with formal adoption of the decision on the organizational structure to be taken at the second regular session 2007. The Executive Board also adopted decisions 2007/16 and 2007/21.

V. UNFPA country programmes and related matters

22. The Deputy Executive Director (Programme) provided an overview of the nine country programme extensions and 15 draft country programme documents before the Executive Board. The Directors of the Africa Division, Asia and the Pacific Division, Latin America and the Caribbean Division, and the Programme Specialist for the Division for Arab States, Europe and Central Asia focused on country-specific issues in their introductions.

23. Delegations commented on a range of issues during the discussion. They appreciated that the draft country programmes had been prepared with the close involvement of the respective governments and other stakeholders and responded to national plans and priorities. Several delegations commended the global leadership of UNFPA and thanked the Fund for supporting their countries in the areas of population and development, reproductive health, including HIV prevention, and gender equality. They appreciated UNFPA commitment to national ownership and stated that it was essential for developing a broad partnership base to mobilize resources; increase access and use of quality health services, including for HIV/AIDS prevention; and promote the status of women. Delegations encouraged UNFPA to strengthen partnerships with non-governmental and civil society organizations, including faith-based organizations, to promote women's empowerment and address gender-based violence. Additional information was requested on UNFPA collaboration and coordination with development partners, including United Nations organizations. Delegations recommended clearer links between programme activities and outputs and clarification of the distinction between proposed outcomes at national and regional/state levels.

24. Delegations appreciated UNFPA support for reproductive health programme interventions directed towards vulnerable areas and hard-to-reach populations. They expressed concern about high infant and maternal mortality rates in some countries. The need for increased emergency obstetric care and skilled birth attendants was stressed. It was noted that inadequate health personnel, brain drain of health and medical personnel from some developing countries to developed countries, and the lack of medical equipment and drugs posed challenges. Delegations encouraged strengthening data systems and building capacity to collect, analyse and utilize data. One delegation stated that the term "sexual rights" had no agreed definition in the international community and should not be used in programme documents. Several delegations noted the need for the Executive Board to look into having one consolidated country programme for consideration by the Boards of UNDP/UNFPA and UNICEF.

25. The UNFPA representatives thanked the delegations for their constructive comments. They provided additional information in response to queries and added that further information would also be provided bilaterally. They stated that UNFPA had taken careful note of the comments and would convey them to the concerned countries.

26. The Executive Board approved country programme extensions for: Botswana, Haiti, Lebanon, Sudan and Timor-Leste and took note of the programme extensions for Burundi. Côte d'Ivoire, Niger and Nigeria. The Board also took note of draft country programme documents and comments thereon for: Cameroon, Comoros, Guinea Bissau, Malawi, Mali, Sierra Leone, Djibouti, Jordan, Bhutan, India, Maldives, Papua New Guinea, Sri Lanka, Bolivia and Cuba.

VI. Financial, budgetary and administrative matters

Review of the UNFPA policy on indirect cost recovery

27. The Director, Division for Management Services (DMS), introduced the report on a review of the UNFPA policy on indirect cost recovery (DP/FPA/2007/9).

28. Delegations expressed support for the UNFPA policy on cost recovery and encouraged continued consultations within the United Nations Development Group (UNDG) regarding harmonization of cost-recovery policies. The importance of regular resources was underscored. Delegations welcomed the Fund's offer to provide another update in 2009 and stated that future reports should include information on the amount of funds recovered through "cost recovery" and the use to which the funds had been directed. Delegations looked forward to informal discussions with UNFPA and UNDP regarding methodologies. One delegation observed that harmonization of the cost recovery policy may not result in a single harmonized recovery rate across all organizations because each had a unique cost structure. The delegation of Honduras welcomed the new Director of the UNFPA Latin America and the Caribbean Division, noting that she would make a positive contribution to UNFPA and all concerned countries.

29. The Director, DMS, agreed that regular resources were the bedrock of UNFPA programming. He confirmed that regular resources had been growing. He assured delegations that UNFPA would continue to consult UNDG partners regarding harmonization.

30. The Executive Board adopted decision 2007/15: Review of the UNFPA policy on indirect cost recovery.

UNDP segment

VII. Annual report of the Administrator

31. In opening this agenda item, the Administrator gave an overview of the past year, touching upon reform efforts and challenges facing the United Nations system with regard to coherence and programme delivery. He spoke about the dual role of UNDP in the context of the forthcoming strategic plan and provided an update of UNDP activities towards strengthening transparency and accountability.

32. He considered the timing of debates on United Nations coherence and the TCPR critical, noting the challenges in finalizing the UNDP strategic plan in advance of the intergovernmental discussions on both the TCPR and system-wide coherence The outcome of those debates would have to inform the strategic plan, yet delays in finalizing it would have consequences in terms of work and resources mobilization. The need to build consensus among Member States on key issues was important in order for UNDP and the wider UNDG to formulate long-term strategies reflecting the aspirations, needs and desires of Member States.

33. In the context of the High-level Panel report, "One United Nations" pilots should be seen as a way to gather lessons from differing experiences and formulate modalities for United Nations coherence. These would help inform the General Assembly debate, the TCPR and UNDP itself in formulating choices for "One United Nations" models.

34. The Administrator reaffirmed the importance of the universal principles of the United Nations Charter, including commitments to human rights and gender equality, as central to the mandate of UNDP. He stressed the need to understand the principles proposed in the draft strategic plan in that context. He touched upon the separation of duties between resident coordinators' operational and coordination responsibilities delineated in the draft strategic plan. In that regard, country directors would play an increasingly important role in the day-to-day activities of UNDP country offices.

35. With respect to reform needs, the Administrator touched upon:

(a) *Programme-based approaches*, linking common country assessments and United Nations Development Assistance Frameworks to national development processes and ensuring a stronger grounding in national priorities;

(b) *Capacity development* of national partners to manage development processes;

(c) *Strengthened resident coordinator system* to respond to the increased complexity in its functioning; and

(d) *Regional director teams* and their and importance in providing strategic guidance to United Nations country teams (UNCTs) and quality support and assurance activities.

36. The Administrator closed by introducing the new Assistant Secretary-General and Director, Bureau for Europe and the Commonwealth of Independent States, and the new Assistant Secretary-General and Director, Bureau for Development Policy.

37. Comments by delegations focused mainly on the UNDP strategic plan. Many felt that the plan should incorporate the views of all delegations.

38. Some delegations reiterated the importance of the TCPR, through which the General Assembly establishes system-wide policy orientation for development cooperation and country-level modalities for the United Nations system. Since intergovernmental discussions on the report of the High-level Panel and the TCPR were in progress, Executive Board deliberations should not pre-empt those processes.

39. Some delegations requested more information on how the principles presented in the draft strategic plan had been selected and what impact they might have on national sovereignty or the affairs of nations

40. Delegations agreed on the need for a distinction between UNDP coordination and operational activities, underscoring that the establishment an internal "firewall" would be critical for impartiality. They asked UNDP to remain vigilant in removing overlap and redundancy in organizational activities and to continue working in areas where it enjoys a strong comparative advantage. Delegations emphasized that the organization should strengthen national ownership, national capacity-building and transfer of technical capacity in all its activities.

41. Many delegations pointed out insufficient reporting of results in the cumulative 2004-2007 MYFF report, stressed the need for UNDP to better integrate transparency and accountability mechanisms into the strategic plan and asked the organization to work towards implementing a results and accountability framework. Numerous Executive Board members emphasized the need for a secure, stable source of core funding for UNDP, from which it could continue to provide services to programme countries.

42. The Executive Board adopted decisions 2007/22 and 2007/26 on the UNDP multi-year funding framework (MYFF) cumulative report on UNDP performance and results for 2004-2006, and related matters.

VIII. Funding commitments to UNDP

43. The Administrator introduced the agenda item on funding commitments by presenting the Executive Board with a breakdown of UNDP funding in core and non-core resource areas. He also highlighted the funding situation of the associated funds and programmes in 2006.

44. The Administrator spoke of the need to restore the balance between UNDP core and non-core resources with stable, predictable multi-year funding from Board members. He cited the current core to non-core ratio — close to 1:4 in 2005 and 2006 — as an indication that faster growth was required in core resources; he outlined his vision for a ratio of 1:2 by 2011. He called for a broadening of the base of core contributors to UNDP.

45. The Executive Board adopted decision 2007/17 on the status of funding commitments to UNDP.

IX. UNDP strategic plan, 2008-2011

46. The Associate Administrator made comprehensive opening remarks on the draft strategic plan, underscoring its crucial role in helping UNDP coordinate activities for impact and accountability in programme countries, as well as contribute to results through resources matching. Following several months of consultations, and taking into account Executive Board comments, the Associate Administrator recognized the need to modify the draft strategic plan.

47. Many delegations were heartened by the willingness of UNDP to revise its draft strategic plan to reflect Executive Board guidance. They reiterated the importance of the TCPR for system-wide policy orientation and the need for intergovernmental debates on the High-level Panel report to inform the strategic plan. They reaffirmed the need for UNDP to maintain its work based on principles

that have universal acceptance and application, and stressed the need to deliver effectively in development-related areas, avoiding any shift in mandate.

48. Some delegations felt that the linkages between lessons-learned and results achieved in the MYFF should inform the strategic plan to ensure development continuity. Those delegations asked that the four focus areas of the draft strategic plan be broadened so as to permit more "policy space". South-South cooperation should continue to be used as a mechanism for exchanging best practices and support among developing countries, regardless of their level of development; the creation of differing categories in the South-South cooperation modality should be resisted.

49. Many delegations sought assurances that UNDP development cooperation activities continue to respect national sovereignty and national ownership. UNDP should be guided by the values of impartiality and allocate funding according to the national priorities and plans of programme countries. Those delegations reiterated that the strategic plan should focus on assisting developing countries to achieve the MDGs, particularly since 2007 marked the halfway point to the 2015 deadline.

50. While it was important for UNDP to avoid overlap and duplication, a number of delegations felt that withdrawal from certain areas should be performed with caution so as to ensure previous achievements were not jeopardized. UNDP should help mobilize innovative sources of financing for development, especially the MDG-driven poverty reduction strategies. Those delegations also felt the need to better distinguish between conflict-affected countries/complex emergencies and countries affected by natural disaster.

51. Other Executive Board members saw a need to refine the role of UNDP with regard to the resident coordinator system, as laid out in the draft strategic plan. They considered it necessary to clarify the operational role of UNDP vis-à-vis other United Nations organizations as well as to demarcate comparative advantages in the four focus areas of the strategic plan. Several delegations raised the point that information and communications technology for development was absent from the draft plan.

52. Several delegations asked that the plan incorporate stronger mechanisms for measuring results, including credible baselines, suitable indicators at all levels (including operational principles) and appropriate outputs. Those delegations asked that the linkages between budget, human resources and results in the strategic plan be strengthened further and results-based reporting be explored more deeply.

53. Regarding the UNDP strategic vision and the duty of the organization in crisis-affected countries, delegations reiterated its crucial role, especially, the role played by the Bureau for Crisis Prevention and Recovery (BCPR). Delegations felt a need for stronger collaboration between the Bureau for Development Policy (BDP) and BCPR to ensure efficiency and coherence in UNDP work.

54. Other delegations asked that the strategic vision present a fuller reflection of the Global Facility for Disaster Reduction and Recovery of the World Bank. Some delegations asked for improved information on UNDP and its work with the Peacebuilding Commission, as well as on UNDP contributions to, linkages with and synergies between the resident coordinator and the humanitarian coordinator. A few members asked for a stronger reflection of climate change adaptation in the strategic vision.

55. The Associate Administrator assured delegations that UNDP would use the information gathered from deliberations to ensure that the strategic plan reflected the guidance of Board members. He underscored that the strategic plan was a living document that would be informed by continued discussion and the changing context. The Director of the Bureau for Crisis Prevention and Recovery (BCPR) added some remarks on the mutually supportive nature of the resident coordinator and the humanitarian coordinator systems. She underscored the linkages between early recovery, poverty reduction and sustainable development, and referred to the close interaction between BCPR and BDP to achieve more coherent country-level support.

X. Evaluation

56. The Director, Evaluation Office, introduced the annual report on evaluation, the first since the Board approved the evaluation policy in 2006. She identified key elements concerning the implementation status of the evaluation policy; the coverage and compliance in evaluation; the collaboration with the United Nations; and the findings and recommendations of independent evaluations.

57. The Director then introduced evaluations of the regional cooperation frameworks for Africa; Asia and the Pacific; and Latin America and the Caribbean. She provided an overview of the findings and explained that, while all three regional programmes had made a difference by addressing relevant regional priorities, there was room for the programmes to focus more explicitly on regional issues and to be more effective, especially in gender mainstreaming and environment and energy programmes. The evaluations revealed that all three programmes were spread too thinly, and lacked sufficient advocacy, dissemination and follow-up of activities.

58. The Associate Administrator stated that the findings had led to a wealth of recommendations from the Evaluation Office for UNDP management to consider. Delegations then heard a brief statement by the Deputy Assistant Administrator and Senior Deputy Director, BCPR, refining the management response to UNDP assistance to conflict-affected countries.

59. Executive Board members thanked the Evaluation Office for its efforts. One delegation identified elements it felt should inform the third regional cooperation framework in its region, including better alignment with regional, subregional and national priorities; enhanced coordination and harmonization; improved consultation processes; and knowledge creation and maintenance.

60. Many delegations expressed the need to promote local actors; South-South cooperation; improve the quality of databases and indicators for strategic planning initiatives; and enhance strategies to align results-based management and evaluation. One delegation suggested that substantive linkages between "upstream" and "downstream" activities should be expeditiously developed.

61. One delegation expressed concern that the evaluation results did not point to more substantive UNDP contributions in capacity-building and development — an area where the organization was supposed to add value. Other delegations encouraged UNDP to continue focusing on comparative advantages, improve recruitment methodologies to retain specialist knowledge, and enhance local ownership and project transfer.

62. Speaking on behalf of its region, one delegation expressed the need to take regional perspectives and requirements into account more effectively, highlighting energy as a critical element of sustainable development in the region. Many delegations reiterated the importance of the evaluation process in helping to inform upcoming discussions on the UNDP strategic plan.

63. The Executive Board adopted decision 2007/24 on the annual report on evaluation (UNDP).

XI. Human Development Report

64. The Deputy Director, Human Development Report Office (HDRO), introduced the agenda item, describing the improvements in HDRO consultations with Member States. The theme for HDR 2007 — human development and climate change — had been determined through a strong consultative process using three different knowledge networks and five informal consultations with Executive Board member states. This enhanced the quality of the reports without compromising their editorial independence. In support of capacity-building and accurate statistical data, HDRO had conducted "primers" on statistics for country offices and country teams.

65. Delegations thanked HDRO for its work. One delegation asked that HDR 2007 present analysis and observations on the assistance needs of developing countries, as well as the actions those countries should take. That delegation also asked for observations and recommendations from a human security perspective. Several delegations asked that HDR 2007 not overlap with other climate change reports or with the work of specialized agencies, but instead highlight the development aspects of climate change.

66. Numerous delegations expressed appreciation for HDRO efforts to promote informal consultations and a participatory process among Member States. One delegation, which had participated in all five consultations, encouraged HDRO to build linkages with official statistical agencies of the developing world and to adopt statistics published by the governments of various countries. Another delegation requested that HDRO coordinate with the Executive Board secretariat to announce the timing of consultations on report themes and to provide additional information when available.

67. The Deputy Director reaffirmed the use of scientific work to make a compelling case for action regarding climate change, economic growth and sustainability. Acknowledging the existence of numerous publications on changes to the environment, she confirmed that the Human Development Report 2007 would address climate change from a development perspective. She also spoke briefly about the discrepancies that sometimes exist between national and international statistics, and how HDRO often works as an intermediary between international agencies (which provide the basic statistical data) and central statistics offices in countries in order to improve the dialogue on statistics and achieve consensus on the numbers published.

XII. UNDP country programmes and related matters

68. The Associate Administrator invited delegations to review and comment on the 22 draft country programmes submitted for their consideration. The Assistant Administrators and Directors of the respective regional bureaux presented their country programmes for consideration by the Board. The Assistant Administrator and Deputy Director, Regional Bureau for Africa presented draft country programmes for Cameroon, Comoros, Guinea Bissau, Lesotho, Malawi, Mali, and Sierra Leone. The draft country programme for Equatorial Guinea had been withdrawn, at the request of the Government, and was rescheduled for presentation at the second regular session.

69. The Assistant Administrator and Deputy Director, Regional Bureau for Asia and the Pacific region, presented draft country programmes for Bhutan, India, Malaysia, Maldives, Papua New Guinea, and Sri Lanka. The Assistant Administrator and Deputy Director, Regional Bureau for Arab States region presented draft country programmes for Bahrain, Djibouti, Jordan, and the United Arab Emirates. The Assistant Administrator and Deputy Director, Regional Bureau for Latin America and the Caribbean region, presented draft country programmes for Bolivia, Cuba, Suriname, and Trinidad and Tobago. The Assistant Administrator and Deputy Director, Regional Bureau for Europe and the Commonwealth of Independent States, presented the draft country programme for the Russian Federation.

70. Many delegations asked UNDP to provide country programme results and data at the end of programme cycles so as to increase transparency and accountability. They requested that this data be made available as early as possible to provide the Board with the information necessary to review the new draft country programme documents. One delegation, whose country programme had just been approved, informed the Board that its request for an integrated country programme document had been disregarded. Other delegations expressed regret that the Executive Boards of UNDP/UNFPA and UNICEF had been unable to accommodate the request.

71. The President informed Board members that requests by the delegation for an integrated country programme had indeed been reviewed, but could not be accommodated in the absence of an established legal framework for submitting "One United Nations" country programmes. He added that the Bureau would continue discussions with the Executive Board in the coming months on how best to handle similar requests in the future.

72. In accordance with decisions 2001/11 and 2006/36, the Board approved for one year, on a no-objection basis, the following country programme extensions: Burundi, the Republic of Congo, Côte d'Ivoire, Lebanon, Mauritius, Niger, Nigeria and Timor-Leste. The country programme for Botswana was extended for two years on a no-objection basis.

XIII. South-South cooperation

73. The Administrator introduced the item on South-South cooperation and referred the economic and geopolitical changes that have put the South at the head of world economic growth, technology, and research and development. The Director, Special Unit for South-South Cooperation, then addressed the Board, presenting many examples of successful accomplishments during the third

cooperation framework, 2005-2007. He spoke about partnerships developed between private, public and civil society organizations, and innovative approaches to resource mobilization and use.

74. Delegations praised the Special Unit for its work in building South-South and triangular linkages and using lessons learned to facilitate the sustainability of developing countries. Several delegations supported the idea that the Unit be strengthened in financial and human resources to meet growing demand for its services. Those delegations called for the mainstreaming of South-South cooperation into the TCPR, the wider work of UNDP and the strategic plan. Many delegations stressed that South-South cooperation was not a substitute for North-South cooperation, and that it was a manifestation of solidarity.

75. In the context of the fourth cooperation framework, delegations took note of the desire to target least developed countries, specifically small island developing states and landlocked developing countries. One delegation suggested extending the lifespan of the new cooperation framework from three to four years as a way to harmonize it with the strategic plan. Many expressed a desire for robust collection and use of statistical data as a way to ensure that national capacity-building and knowledge transfer could be assessed and its impact measured. They requested that more lessons learned be incorporated in the future.

76. The Director, Special Unit for South-South Cooperation, and the Assistant Administrator and Regional Director for Asia and the Pacific (speaking on behalf of the Administrator) responded to delegations comments, reaffirming the role of South-South cooperation and the possibilities for cooperation between Asia and Africa. It had been difficult to measure immediate impact, though concrete results had been achieved; work on devising a system to capture data would continue. The Unit confirmed that preparation of the next cooperation framework would be more consultative, make better use of lessons learned through evaluation, and continue mainstreaming South-South cooperation into country and regional programmes.

77. The Executive Board adopted decision 2007/25 on the report on the implementation of the third cooperation framework for South-South cooperation, 2005-2007.

XIV. United Nations Capital Development Fund

78. The Associate Administrator introduced the item on the United Nations Capital Development Fund (UNCDF). As requested in Executive Board decision 2007/8, he gave information about agreements on strategic planning and results frameworks.

79. The Executive Secretary, UNCDF, presented the results-oriented annual report of UNCDF for 2006 (DP/2007/33) and the progress report on the UNDP-UNCDF strategic partnership (DP/2007/34). He called attention to the efforts of the Fund to harmonize and integrate the UNDP-UNCDF strategic planning and results frameworks; joint resources mobilization; and the UNCDF impact on democratic governance, poverty reduction and crisis prevention and recovery.

80. Delegations expressed appreciation for the comprehensive reports, reaffirming the importance of microcredit and microfinance and the role of UNCDF in least developed countries. Many called for continued strengthening of UNCDF and its mandate, as well as for the continued independence of the organization. With regard

to the resource mobilization plan, delegations called for stable multi-year funding for UNCDF, including a more equitable spread of funding among donor countries. They urged UNDP to provide additional assistance. Delegations asked that a detailed report on funding strategies through the strategic plan, biennial support budget, and programming arrangements be presented to the Board at its second regular session, and that a strategic partnership agreement be presented for review at the first regular session 2008.

81. One delegation asked UNCDF to inform the Board when the results of two surveys on UNDP-UNCDF country office partnerships become available. Other delegations asked whether joint programming was the only modality of project implementation; whether UNCDF could provide more detailed country programme performance information in future; how local development and microfinance investments and programmes contributed to broader development efforts; and the comparative advantages of UNCDF vis-à-vis other actors.

82. The Executive Secretary highlighted 2006 as a challenging year for the organization in terms of resource mobilization. Similarly, he identified 2007 as a critical year but was encouraged to hear requests from many delegations for increased donor "burden sharing". Working closely with UNDP in resource mobilization efforts would also improve the situation. Regarding integrated reporting, evaluation and monitoring activities, he notified the Board that UNCDF was moving towards harmonization.

83. The Executive Board adopted decision 2007/28 the on the results-oriented annual report for 2006 and the strategic partnership between UNDP and UNCDF.

84. The delegation from Bangladesh made a statement, asking that it be reflected in the proceedings of the session. The transcript follows:

> "Thank you, Mr. President.
>
> "My delegation was pleased to join the consensus on this resolution, believing that UNCDF has been supporting the efforts of the least developed countries (LDCs) in the areas of local government and microcredit. As you all are aware, microcredit has proved to be an important tool for economic growth that has succeeded in improving the lives of millions of poor women and members of their families all over the world. It has brought increased international attention to this concept. The Nobel Peace Prize awarded to Professor Yunus is indeed another testimony to the success of this programme.
>
> "We are in favour of the reality of the broader concept, but the term microcredit has become the trademark. This brand name has made the concept world famous. The peculiarity remains in the credit itself: unlike other credit facilities, microcredit does not require any collateral. We understand that UNCDF was mandated to support the LDCs in the area of microcredit. We are not aware of under which intergovernmental mandate this organization has departed from microcredit to the inclusive financial sector.
>
> "We agree with the relevance of all the other broader concepts and ideas, but we do not want to see UNDCF work in the financial sector reform of a country. There are other international organizations that have the specific mandate to support developing countries in their financial sector reform. With limited resources, we believe UNCDF should focus only on supporting and

promoting microcredit in the LDCs. Mr. President, we want this statement to be reflected in the proceedings of this session. Thank you."

85. The delegation from Benin took the floor. The transcript of that statement follows:

"Thank you, Mr. President. I'd like to thank all delegations for the text we have just adopted. I wish particularly to call the attention of the UNCDF directors, with regard to the statement just made, that they take it into account and that they place it at the centre of their activities for LDCs, as the mandate indicates. Thank you."

XV. United Nations Office for Project Services

86. The Executive Director of the United Nations Office for Project Services (UNOPS) presented his annual report (DP/2007/31) and announced that the organization was back on track, with a clear vision of providing the best service to United Nations humanitarian, peacekeeping and development operations. He noted organizational advancements such as a reworked structure, a fresh management team, and robust finance controls. He underscored that audit and internal control mechanisms had been strengthened by the establishment of a dedicated UNOPS internal audit function. Progress was being made in consolidating the Inter-Agency Procurement Services Office (IAPSO) functions to better serve the needs of UNDP, UNOPS and the wider United Nations system.

87. Two delegations spoke. They congratulated UNOPS on reaching some important milestones, such as: the move to Copenhagen; the contribution of $9 million to the operational reserve; the expanded, diversified client base; and the new internal audit function. They looked forward to updates on the shift of functions between UNOPS and IAPSO, and to finalization of the new pricing policy.

88. The Executive Director thanked the delegates for their encouraging comments and reiterated the importance of interaction with Member States. He commented on the new headquarters location, citing advantages in terms of space, staff, and the time zone, which have put the organization closer to its biggest programmes and projects and improved the relationship between headquarters and field operations.

89. The Executive Board adopted decision 2007/27 the on annual report of the Executive Director (UNOPS).

XVI. United Nations Development Fund for Women

90. The Executive Director, United Nations Development Fund for Women (UNIFEM), introduced the UNIFEM multi-year funding framework cumulative report, 2004-2006 (DP/2007/35) and summarized the implementation to date, the findings of the MYFF evaluation and the linkages between progress, evaluation results and the upcoming strategic plan. She spoke about coherence, relevance and the sustainability of products and services; programme capacity aligned with demand; strategic partnerships for new constituencies; management and human resources practices reflecting a commitment to excellence; and a larger, more diversified, more reliable resource base.

91. Delegations expressed appreciation for the organization, and recognized its efforts in advancing gender activities across the United Nations system in several key areas, including: (a) providing holistic direction to UNCTs and helping national governments set gender priorities; (b) helping to keep the MDG-3 goal — promoting gender equality and empowering women — prominent on the development agenda; and (c) working to promote the goals and ideals of other gender-related multilateral agreements, such as the Convention on the Elimination of All Forms of Violence against Women, the Beijing Platform for Action and Security Council resolution 1325.

92. Many delegations asked specific questions pertaining to the report of the MYFF or to the proposed strategic plan, requesting more information on: action taken — or planned — to use the United Nations Trust Fund to End Violence against Women to support a coherent response to the issue of gender-based violence; UNIFEM plans to work with governments to develop and implement national projects to prevent and eliminate violence against women; gender areas in which UNIFEM would lead, and those to which it would contribute.

93. One delegation offered suggestions for making the UNIFEM strategic plan more meaningful and effective, such as greater emphasis on capacity-building in the development results framework, and a breakdown of expenditures — as was the case with the MYFF goals — for each goal in the development results framework. Some delegations requested more detailed information on UNIFEM partnerships, since its founding resolution (39/125) requested that the organization work towards maintaining close, continuous relationships with other United Nations organizations. Delegations asked UNIFEM to continue pursuing country-level cooperation agreements with other United Nations organizations. A few suggested co-financing local gender equality experts and programmes; in doing so, lessons learned by UNCTs should be used to ensure relevance and meaning in the local context.

94. Some delegations expressed concern about the projected resource scenarios in the UNIFEM draft strategic plan and questioned the feasibility of doubling the core resource base. They encouraged UNIFEM to avoid spreading itself too thinly, and to focus on areas where it could have the maximum impact and add value, given its limited resources. There was a call from almost all Board members, however, for continued support and greater core funding to UNIFEM for its activities in women's empowerment and gender equality.

95. In response, the Assistant Secretary-General and Director, Bureau for Development Policy, reaffirmed the importance of UNIFEM, and its role in addressing gender issues, in the development work of the United Nations. He expressed support for UNIFEM as a catalyst and innovator in gender equality and a leader in gender mainstreaming for development effectiveness.

96. The Executive Director thanked delegations and responded to queries from the Board. She highlighted the need for work in gender equality as being critical to achievement of the MDGs and central to human development, human security and human rights. She spoke about economic wealth in the context of globalization, which had remained equitable in terms of gender.

97. The Executive Director thanked the many donors that had pledged funding to UNIFEM but emphasized that the organization could not keep stretching its resources and simultaneously deliver fully on its mandate; there was a need to

provide "honest costing". She touched upon the Trust Fund to End Violence against Women, noting that UNIFEM was pleased with the funding growth and the manner in which the fund had brought United Nations and civil society organizations to work together. In one key area of activity — assistance to countries with laws to end violence against women — money was invested in communities to put systems of protection and prevention in place and strengthen criminal justice systems and social services in order to end violence and trafficking.

98. The Executive Board adopted decision 2007/23 on the UNIFEM multi-year funding framework cumulative report, 2004-2007.

XVII. Financial, budgetary and administrative matters

Cost recovery

99. The Associate Administrator made introductory remarks on cost recovery, referring to regular resources as the bedrock of UNDP. He stressed the commitment of the organization to ensuring that functions linked to non-core resources are adequately funded, without subsidization from core resources. As requested by the Executive Board in decision 2004/30, UNDP had undertaken a study on the effectiveness of the cost-recovery policy on the basis of the harmonized principles commonly accepted by United Nations organizations. The Associate Administrator announced that the target rate for UNDP-managed third-party contributions and trust funds would be a flat fee of 7 per cent, effective immediately.

100. Based on decisions 2004/30 and 2006/30, the Director, Bureau of Management (BOM) gave an overview of the assessment report on the effectiveness of the cost-recovery policy. She described the methodological underpinnings and performance-related issues since the introduction of the current policy in 2003 and referred to the informal consultations, definitions, subsidization, successful attainment of targets, and simplification of the cost-recovery approach with the new 7 per cent fee.

101. Board members recognized that cost recovery was a complex matter and proposed measures to further rationalize related policies. A few delegations wondered whether the 7 per cent rate was adequate to remove subsidization of non-core activities by core resources; those delegations recommended that more work be done to meet the goals outlined by the General Assembly for full cost recovery on non-core resources. They expressed concern over the methodology used to calculate cost-recovery rates in the context of ever-growing "other resources", and suggested that it should include direct, variable indirect and fixed indirect costs.

102. Regarding multi-donor trust funds and the services provided by UNDP, a few delegations requested that the organization review its current 1 per cent cost-recovery fee to determine whether it was sufficient to perform the needed administrative and fiduciary functions, as service in this area was expected to grow between 2008 and 2011. One delegation asked how fixed and variable indirect support costs were apportioned, requesting more information in those areas. Another delegation indicated that it was not in a position to adopt the draft decision proposed; the estimates used in the cost-recovery policy and definitions were unclear and it felt the need to maintain some flexibility for cost-recovery rates.

103. A few delegations cautioned against policy that would discourage contributions to core resources and potentially increase earmarked funds, which

would exacerbate the imbalance in core and non-core resources of the organization. One delegation asked if the rate for UNIFEM and UNCDF was also 7 per cent, or whether those organizations determined their rates independently.

104. The Associate Administrator and Director, BOM, responded to the Board, requesting on-the-ground compliance with established cost-recovery rates, since the willingness on the part of the Board to adopt a particular rate was not always matched at the country level. The Associate Administrator added that discussions on the upcoming biennial support budget would be an excellent forum for in-depth responses to cost-recovery questions raised by delegations. He also proposed a midterm policy review to consider the implications of the policy; raised the possibility of charging some donors more than 7 per cent at the country level; suggested the use of the "balanced scorecard" to measure performance in cost recovery; and indicated a need to strengthen the use of information technology to improve data collection, reporting and diagnostics. He added that UNIFEM and UNCDF determined their cost-recovery rates independently, but the average was approximately 7 per cent.

105. The Executive Board adopted decision 2007/18 on the report on UNDP cost recovery effectiveness.

Joint UNDP/UNFPA segment

XVIII. Internal audit and oversight

United Nations Development Programme

106. The Officer-in-Charge, UNDP Office of Audit and Performance Review (OAPR), presented the report on internal audit and oversight (DP/2007/37) and described advisory and investigation activities in 2006. He reminded the Board that 2006 was the last year in which OAPR had provided internal audit services to UNOPS, and that OAPR was helping with the transition to an in-house UNOPS internal audit unit.

107. The Associate Administrator then addressed the Executive Board, stressing the importance to senior management of audit findings and recommendations. He identified five action areas to ensure sound organizational management and transparency, and referred to sharing internal audit reports and making public documents available by posting them on the UNDP website.

108. He concluded with an update of issues surrounding UNDP and its work in the Democratic People's Republic of Korea, which suspended operations as of 1 March 2007. The United Nations Board of Auditors had found no evidence that UNDP funding was diverted to the Government of the Democratic People's Republic of Korea. He reiterated the willingness of UNDP to act upon any substantiated allegation, and called upon the Board for guidance in maintaining the reputation of UNDP staff and the integrity of the organization.

109. Many delegations expressed satisfaction with the role played by the audit advisory committee in helping safeguard organizational integrity. Several delegations called for consultations between the audit advisory committee and the Executive Board, so that members could monitor and provide guidance in bank

reconciliations, national execution audits, capacity-building, and coordinating responses to technological disasters. To reinforce the importance of transparency in UNDP operations by having access to internal audit reports, one delegation quoted from the report of the Board of Auditors on UNDP activities in the Democratic People's Republic of Korea. Another reminded Board members that, since January 2007, UNDP actions in respect of the Democratic People's Republic of Korea had been guided by the wishes of the Executive Board.

110. Several delegations cautioned against a shift in mandate for the Board from an oversight body to a political instrument. The delegation of the Democratic People's Republic of Korea articulated the consistent position of the Government that development assistance should be pursued on the basis of the national strategies and plans of developing countries. The delegation said that what should be questioned first and foremost was the circulation of unfounded allegations, and the pressure that had been applied on UNDP to limit its assistance to the provision of humanitarian aid. The delegation reiterated that this had hampered international assistance to the Democratic People's Republic of Korea and had resulted in the suspension of UNDP operations there. The delegation clarified that the Government would reject any assistance with conditionality, and added that this position would remain unchanged in the future.

111. Many delegations noted that internal audit data should not be taken as a starting point for Executive Board discussions, and that access to internal audit reports by Board members would raise other important issues, such as procedures for access, privacy and national sovereignty, and the neutrality of funds and programmes. One delegation called for "balance and proportion" in dealing with access to reports, requesting that information on current regulations and structures be presented as a way to permit a clearer understanding of what the organization is seeking to do by permitting wider public access to internal documents.

112. In publishing financial statements, one delegation asked that a description of the processes, management practices and internal controls be provided through a "statement of internal control". The delegation requested an explanation of the root causes of the trust fund deficit and prevention of further declines. Another delegation requested that annual reports be prepared independently and presented as official Board documents. That delegation lent full support to fraud hotlines and protecting whistleblowers.

113. The Associate Administrator responded by reaffirming the significance of audit reports as an independent tool for advice and guidance. While acknowledging that Member States should have access to audit reports in the interests of transparency, he noted the need to develop access procedures that would protect privacy. He reiterated that the Executive Board had guided the action taken by UNDP with respect to the Democratic People's Republic of Korea. He expressed satisfaction that the report of the Board of Auditors had upheld the actions of UNDP management and validated the assertion that no funds had been diverted for incorrect purposes; the integrity of the organization had been defended. He restated the commitment of management to acting on any accusations that might be substantiated. The Officer-in-Charge, OAPR, reminded delegations that the goal of OAPR was to conduct country office audits on a three- to four-year cycle; the frequency of audits and the complexity of working in a decentralized environment must be a factor in allocating resources.

United Nations Population Fund

114. The Director, Division for Oversight Services (DOS), introduced the UNFPA report on internal audit and oversight activities in 2006 (DP/FPA/2007/14). The Deputy Executive Director (External Relations, United Nations Affairs and Management), provided the UNFPA management response.

115. Delegations appreciated the UNFPA commitment to improving the quality of audit, oversight and risk management and welcomed efforts to tighten internal control mechanisms, increase accountability and prevent fraud. They appreciated the improved quality of the reports and commended UNFPA for harmonizing audit rating methodologies and for its progress on oversight systems, including the risk management framework. Delegations requested greater operational independence of internal oversight functions and called for adequate human and financial resources. Recognizing the challenges posed by IPSAS, delegations encouraged establishing audit and risk mitigation practices in the strategic plan, thus anchoring it in accountability. Concerning national execution (NEX), delegations encouraged additional country level efforts to further develop local capacities to improve internal controls and ensure compliance. They asked that NEX be better coordinated and audit mission procedures be defined. Delegations commended the creation of the Audit Advisory Committee (AAC) and supported holding discussions with the committee at the annual sessions of the Executive Board. They welcomed a harmonized approach by UNFPA and UNDP to AAC reporting. Delegations underscored the need for UNFPA and UNDP to establish comprehensive management accountability frameworks, taking into account Executive Board members' views.

116. Two delegations stated that internal audits should be made available to Executive Board members with due regard for privacy. Another delegation stated that disclosing internal audits to the public would not increase management efficiency; instead, both UNDP and UNFPA should respectively consider publishing a Statement of Internal Control to address Board concerns. Numerous delegations underscored that disclosing internal audit findings was not a professional practice, as per international standards. They stated that such a practice could compromise the quality of internal audit, which was an important management tool. They emphasized that United Nations development assistance and operational activities should not be politicized and should be carried out on the principle of national ownership.

117. The Deputy Executive Director appreciated the positive feedback provided by Executive Board members and thanked them for their constructive suggestions. She reiterated UNFPA support for the AAC and noted that the Fund had benefited from AAC advice. She underscored that since 2002 UNFPA had consistently increased resources for oversight functions, including enhancing country-level capacity. She added that UNFPA would further develop its accountability framework, including risk mitigation. She noted that UNFPA had taken many systematic steps to strengthen NEX capacity and also looked forward to working on NEX issues within UNDG. She fully concurred that every United Nations organization had to be an example of the highest corporate governance and pointed out that UNFPA was on the right track. The Director, DOS, thanked delegations for appreciating the work of UNFPA. He stated that allocation of resources for audits was based on the internal audit plan. He concurred with the comments regarding the AAC. He recalled that in

his introduction he had delineated the principles regarding internal audit disclosure and the potential downside. He underscored that the issue of disclosure applied across the entire United Nations system and required a common response. He noted that there should be a disclosure policy approved by the governing body, the Executive Board.

118. The Executive Board adopted decision 2007/29: Internal audit and oversight: UNDP, UNFPA and UNOPS.

XIX. Financial, budgetary and administrative matters (continued)

Results-based budgeting

119. On behalf of UNDP and UNFPA, the Director, UNDP Office of Planning and Budgeting, presented the proposed results-based budgeting approach to the biennial support budgets of UNDP, UNFPA and UNICEF. She touched upon the common framework for the three organizations, explained how results-based budgeting was a move away from explaining budget inputs toward understanding the cost of achieving results, and highlighted the extensive efforts made during ongoing consultations with stakeholders.

120. Delegations expressed support for the new results-based budgeting format, asked that the document sufficiently detailed to ensure openness and transparency, and encouraged continued harmonization. The Executive Board adopted an oral decision taking note of the revised biennial support budget format as proposed in the informal mock-up budget document; and requesting the UNDP Administrator and the UNFPA Executive Director to present a preliminary draft biennial support budget, in the results-based format, based on information available, for consideration by the Board at its second regular session 2007.

121. The Executive Board adopted decision 2007/19 on an interim allocation for the UNDP biennial support budget, 2008-2009.

122. The Executive Board adopted decision 2007/14: Interim allocation for the UNFPA biennial support budget, 2008-2009.

XX. Field visits

123. The report of the field visit to Liberia was presented for consideration by the Executive Board. Delegations took note of the importance of United Nations work in the country and suggested continued strengthening of national capacity and national execution, as well as capacity-building of non-governmental and civil society organizations. Delegations felt that such efforts would be the only way to ensure a lasting peace, rebuild the society, stave off "brain drain" and build a positive momentum in Liberia. They underscored the need for UNDP and UNFPA to strengthen resource mobilization as Liberia made the transition from conflict to development, particularly in light of the future withdrawal of UNMIL. The importance of subregional programmes was stressed.

124. UNDP management reconfirmed the importance of helping Liberia transition from recovery to long-term development and supporting its work in strengthening

national capacity development through national execution. The Executive Board would soon be reviewing the country programme document, which addressed many of the issues raised by delegations, including national capacity-building, legislative reforms, support to governance, national institution-building, and gender and HIV/AIDS. UNDP continued to work closely with government and national partners in the area of resources mobilization, helping Liberia maximize the use of resources for its development programmes.

125. The UNFPA Representative in Liberia thanked the Executive Board members for their visit and support. She concurred that capacity-building was a central concern for all in Liberia and a key component of the UNFPA programme that emphasized national ownership. She underscored UNFPA participation in various ongoing joint programme formulation processes and noted the Fund's emphasis on inter-agency coordination and collaboration. She recalled the UNFPA-supported Mano River Union subregional HIV/AIDS project that the Board members had seen during their field visit.

126. The Executive Board took note of the report on the joint field visit to Liberia.

XXI. Other matters

Special event: Millennium Development Goals

127. A special event was organized to showcase how the MDGs have been operationalized and integrated into national development strategies with support from UNDP and UNCTs. Three speakers from various regions highlighted lessons learned and underscored implementation challenges that governments have faced in aligning their development strategies with the MDGs. The ensuing discussion period covered the role of UNDP in supporting the MDGs and scaling-up successful implementation breakthroughs achieved in recent years.

Informal meetings

128. The Executive Board held the following informal meetings:

UNDP. (a) Informal consultations on draft decisions; (b) Informal consultations on the UNDP strategic plan; and (c) Informal consultations on the UNIFEM strategic plan.

UNFPA. Informal consultations on the strategic plan and related matters, and draft decisions.

Joint UNDP/UNFPA. Informal briefing on the implementation of the decisions and recommendations of the Programme Coordinating Board of the Joint United Nations Programme on HIV/AIDS.